



AARP Testimony
H.B. 6600 -- An Act Concerning the Establishment of the Sustinet Plan
March 1, 2009

Good morning. My name is Brenda Kelley. As AARP Connecticut State Director, I represent over 629,000 members of AARP in the state, but I also speak for residents of all ages in congratulating you on considering proposals today to increase access to affordable, quality health care in Connecticut.

AARP believes that all individuals have a right to health care services when they need them; coverage that provides adequate financial protection against health care costs; high quality health care; a reasonable choice of health care providers; and the financing of the system should be equitable, broadly based and affordable to all. We further believe that methods of provider reimbursement should promote high-quality medical care, efficient service delivery, cost effectiveness, and compensate providers fairly. Efforts to promote health and prevent disease should be strengthened, incentives to promote healthy behavior should be encouraged as long as they do not deny access to health care, and care should be coordinated and integrated in order to effectively address an individual's multiple and/or changing health care needs.

Accordingly, AARP applauds the tremendous work, resources and commitment that went into designing H.B. 6600. The proposal contains some important concepts that AARP supports and believes can be the foundation for comprehensive health care reform. We are pleased to have this opportunity to highlight those key provisions, and discuss areas of improvement.

Sustinet builds a new health care plan from health coverage already funded by Connecticut taxpayers. It merges state employees and retirees with HUSKY and SAGA participants into a self-insured pool. Eventually three other groups will be able to enter the pool: people without access to employer sponsored insurance, including sole proprietors and other self employed individuals; people offered employer sponsored insurance that does not provide affordable access to essential care; & employers, starting with small businesses, nonprofits, and municipalities, but ultimately including any employer in the state. But despite this very ambitious plan, people satisfied with their existing private coverage can keep it preserving personal choice, which we believe is critical.

AARP supports the minimum benefit program in Section 1, which is very comprehensive and includes medical home services; major medical, mental and behavioral health care services; drugs; preventive and wellness care; chronic disease management; and even dental care. Section 1 also specifies that there will be no deductible for drugs or preventive care and no co-pays for preventive care which we applaud.

AARP also supports section 9 provisions for no out-of-pocket cost increases for Medicaid and HUSKY beneficiaries and open and voluntary enrollment for the uninsured with a provision to keep premium costs for those with lower incomes affordable. Making health care affordable, however, is not just a matter of keeping premiums low and a system to keep the total costs reasonable should be included. There is insufficient information in the proposed legislation to determine how this will be done. Vermont offers a good model with total out of pocket costs (deductibles and co-pays) currently limited to \$800 a year for individual and \$1,600 for a family.

AARP commends the provision in Section 14 which prevents rate variations based on individual characteristics such as age, gender, or health status in individual insurance products. This will help make insurance more affordable for 50-64 year olds that often have to pay very high rates in the private market.

In addition, AARP commends the outreach methods—through DRS, DSS, and DOL—to find uninsured residents and auto-enroll those who are eligible for low-cost insurance (Sec. 18). We also support the opt-out provision for those who would have to pay premiums as reasonable.

Finally, AARP is supportive of the task forces on obesity, tobacco and especially one dedicated to workforce (§§ 27, 28 and 29). In fact, AARP is part of a joint initiative with the Robert Wood Johnson Foundation called the Center to Champion Nursing in America, which was created to address the alarming shortage of nurses in the United States. Recent studies project that we will reach a shortage of 500,000 nurses by 2025. Despite this projection, the nation's nursing schools are unable to educate the nurses needed now and in the future because of major faculty and resource shortages. Each year, tens of thousands of qualified applicants are turned away from nursing schools—99,000 in 2008, according to the National League for Nursing. As a member of the Champion Nursing Coalition, AARP has committed to educate our members and constituents about the nursing shortage and the importance of addressing it as a part of comprehensive health reform.

Although H.B. 6600 contains several positive provisions, the bill also raises some areas of concern for AARP.

First, there is insufficient detail in the proposed bill to determine the resources that will be required to support the start-up of Sustinet and its ongoing operation. Without this information, we cannot determine if they will be sufficient to effectively accomplish its ambitious agenda.

AARP also has concerns about the composition of the "Sustinet Authority". AARP believes that consumers and older residents, who are more likely to be unable to purchase private insurance, should be represented on the "Sustinet Authority" outlined in section 2. While the Board of Directors includes a representative from the Medicaid population and one from labor unions, there is no representation of the currently

uninsured and, of particular concern for AARP, from the 50 to 64 year olds. General consumers will have interests and concerns that are very distinct from unions and the very young. Older residents who are more likely to be unable to purchase private insurance should be represented.

While we were disappointed that Sustinet does not initially include individuals who qualify for Medicare, SSI, or any category of Medicaid that is based on a disability, we were pleased to see a requirement that Sustinet annual reports to the General Assembly after 12/1/2012 include recommendations addressing the inclusion of such individuals.

Next, AARP believes that the principle of health care affordability must take into account total health care costs. Section 4 says that one principle is that "health care coverage should be affordable." Section 8, (c) (2) sets subsidies for low-income people based upon an amount sufficient to reduce premium costs to a 5% to 7% of household income. AARP believes that affordability should be gauged based on the total cost for coverage (premiums) plus all out-of-pocket costs. The goal is to make health care affordable and to eliminate health care related bankruptcies and catastrophic debt. High deductibles and co-pays can easily become barriers to health care that can force those with insurance to rely on uncompensated care.

AARP agrees that it is critical that Health Information Technology (HIT) be a part of any health reform and Sustinet includes provisions for this in Section 5. We point out, however, that states developing and implementing HIT and Electronic Health Records should ensure that they are fully consistent with and compatible with the new federal standards in H.R. 1. State contracts with HIT providers and business associates should require compliance with all applicable federal standards and interoperability with federal, Medicare and Medicaid systems.

HIT systems being created or implemented should be structured to take full advantage of the large influx of federal incentive payments—over \$17B—available to Medicare and Medicaid providers. We suggest expanding the HIT provisions to incorporate advance health care directives, including living wills and health care proxies and the collection of data that would show any disparities in access to care and outcomes based on age, race and ethnicity.

Finally, AARP is concerned with the broad waiver of liability contained in section 7. AARP supports the incorporation of evidence-based medicine, objective comparative analysis of the effectiveness of various treatment alternatives, and clinical care guidelines as a potential means to reduce medical errors and improve quality of care. However, we are not comfortable with the elimination of all provider liability for avoidable injury to patients contained in §7(c). For example, there should be some recourse against the board if they are negligent in developing the guidelines. It is possible that the board might choose the a guideline based on low cost rather than competing guidelines that have been shown to lead to better outcomes. Furthermore, the provisions in section 7 could lead to unintended consequences. For example, if a doctor has to choose between two treatments both of which have significant risks for poor outcomes and potential malpractice claims,

and reasonably believes that the non-guideline treatment is the best alternative for the patient, he might choose to follow the guideline simply to avoid a malpractice claim.

Moreover, AARP supports educational programs that share objective data on drugs and treatment with health care providers, but these educational programs should be based upon medical effectiveness. The draft Section 7(g), however, focuses on "cost-effectiveness."

AARP believes that there are many noteworthy provisions in this very comprehensive Sustinet health reform bill, as there are in other bills before you today. AARP encourages you to take the best provisions of efforts currently underway, the best provisions from Sustinet and from other proposals before you today and turn this into a comprehensive, bipartisan Connecticut health reform solution. We believe that the quality work represented by the Sustinet proposal and by other efforts underway in Connecticut means we should be leading the health reform efforts underway nationally. We must not be content to just wait for national health reform. We must make health care more affordable for the families and employers in Connecticut now spending over \$12,000 a year on premiums alone. We must ensure that all Connecticut residents have access to quality, affordable health care. This includes the 70,405 uninsured Connecticut residents age 50-64, among the fastest growing group of uninsured. With the financial crisis worsening each day, the time for action is now. You have an opportunity this session to make health care affordable and available. AARP looks forward to working with you as a constructive partner to promote consensus and ultimately find a workable solution to our health care crisis.